

Extension of Sunset for the Big Sky on the Big Screen Act- HB163

January 12, 2009

EXHIBIT

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DATE

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Betsy Baumgart, Administrator- Montana Promotion Division

HB

163

Good morning, Mr. Chairman and members of the committee. For the record, my name is Betsy Baumgart. I am the Administrator for the Dept of Commerce – Montana Promotion Division's Film Office. I would like to introduce Sten Iverson, the Manager of the MT Film Office who is also here this morning.

The Montana film production incentive program, which we refer to as the Big Sky on the Big Screen Act, was enacted by the 2005 Legislature. This incentive program offers a tax credit to film producers who hire Montana labor and talent, and spend money with Montana service providers such as hotels and restaurants, and also with hundreds of other businesses such as lumber yards, antique shops, dry cleaners, security services, and yes even porta-potty suppliers.

Today, we are not asking for any increases, but merely the opportunity to allow this successful program to continue. The Big Sky on the Big Screen Act faces a **sunset date of December 31 2009**. HB 163 extends that sunset for another five years to 2015.

The Big Sky on the Big Screen Act has done what it was intended to do! It's allowed Montana to compete for this lucrative business. Since its passage in 2005, this legislation has created jobs, brought new money to the state, generated taxes, and has enhanced Montana's image by placing her on the big and small screens worldwide.

I'd like to refer you to the economic impact fact sheet and the handout titled Film Production in Montana. The first full year with this incentive, film production increased in Montana by 34% from \$5.2 million in 2005 to \$7.million in 2006. In 2007, the second year, we saw a healthy 12% increase with total economic impact at \$7.8 million.

We've also been able to grow jobs by 645 FTE. *(I'd like to point out that many of these jobs are for short time frames, some times weeks and even days, so these jobs reach a lot of Montanans).*

Overall there have been 66 productions certified through our office, and 43 of these, 63% have been Montana production companies.

We've listed several of the recent feature productions we've had this past year.

The remake of Jack London's "Call of the Wild" was shot in the small communities of Lincoln and Phillipsburg, leaving close to a half a million dollars in a few weeks time.

We also had a major studio film, "My Sister's Keeper" starring Cameron Diaz that shot pivotal scenes in Glacier National Park last July.

I'd like to draw your attention to the "Montana Movie Magic" brochure

This brochure highlights the various production locations and you can see that film production is not limited to certain areas of the state or for that matter to specific seasons.

Film production takes pictures and leaves money. A film production coming to your town is very similar to setting up a small to medium manufacturing plant. They hire employees, utilize local vendors, build a product, and all without impacting the local infrastructure. (No new schools or streets to build).

Now that the program's been in existence for a few years, we have some data on the tax implications.

Referenced the Tax Impact Study for "A Plumm Summer".

On one side is a chart on the aggregated tax credit issued per year. This data was compiled by the Department of Revenue. On the other side is a tax analysis done through the census and economic information center on a major feature film "A Plumm Summer" that was shot in Montana the summer of 2006. Basically it shows that the production company paid more in taxes than they earned in tax credit, demonstrating a positive tax impact for Montana of \$17,200.

And, finally I'd like to refer you to the US Domestic Production Incentives Comparison Report. When the 2005 Legislature passed the original film incentive bill, Montana was one of 10 states with this type of incentive. Currently, 42 other states have programs similar or more aggressive than Montana. If this bill is allowed to sunset, Montana would fall to the 43rd place in the nation. Montana would no longer be competitive in attracting the film industry.

Remember, Montana does not issue a dime of tax credit until these companies get certified by the Department of Commerce, set up a local office, hire Montana labor, spend money with Montana businesses, report their expenditures backed up with receipts, have their reports audited by the Department of Revenue, pay an administrative fee, and file a Montana tax return.

In order for Montana to continue to attract this clean well paying industry we need this incentive package. We urge your support HB 163, the extension of the sunset on this successful program.

I'd like to thank you for your time and I would be happy to answer any questions you may have.